

Patent



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: JONES et al.

Serial No.: 10/707,491

Filing Date: December 17, 2003

For: METHOD AND APPARATUS FOR
CONDUCTING HYBRID
TRANSACTIONS

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) Examiner: Chencinski, Siegfried E.

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) Group Art Unit: 3628

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) Attorney Docket No.: G08.069

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) **LETTER REQUESTING PRE-FIRST**
) **OFFICE ACTION INTERVIEW**
) **PURSUANT TO PILOT PROGRAM SET**
) **FORTH IN OG NOTICES: 27 APRIL 2004**
)

Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

This is a letter requesting a pre-first Office Action interview pursuant to the U.S. Patent Office Pilot Program set forth in OG Notices: 27 April 2004. This letter is being filed along with a Petition to Make Special pursuant to MPEP 708.02 (VIII), a Supplement Information Disclosure Statement (and copies of the cited references), and a Preliminary Amendment. According to information obtained from the Patent Application Information Retrieval (PAIR) system, the present application is classified in Class 705/Subclass 035 and is assigned to Art Unit 3628. In accordance with the requirements of the Pilot Program, Applicants hereby submit:

(a) A General Statement of the State of the Art at the Time of the Invention:

Hybrid financial products involving the issuance of a stock purchase contract together with a debt instrument were first introduced in the mid to late-1990's, and have become popular products providing benefits to both issuers and investors. These hybrid financial products are commonly referred to as "mandatory units." Prior to Applicants' invention, mandatory units or

hybrids did not include the issuance of a stock purchase contract together with a contingent convertible note or other instrument.

(b) An Identification of Three References Believed to be "Closest" Prior Art and an Explanation as to How the Broadest Claim (Claim 1) Distinguishes Over the Submitted Prior Art:

U.S. Patent Application Publication No. 2003/0135446 describes “contingent convertible financial instruments”. More particularly, the reference describes a debt instrument that may convert to stock if the issuer’s stock price reaches a contingent conversion trigger price. The reference does not teach or suggest the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application.

“Handbook of Hybrid Instruments: Convertible Bonds, Preferred Shares, Lyons, ELKS, DECS and other Mandatory Convertible Notes” provides a detailed summary and review of a variety of hybrid instruments. None of the various instruments described in the reference are seen as including a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application. Instead, many of the instruments described in the reference provide variations on existing convertible instruments that automatically convert into shares of issuer stock at a certain time or under certain conditions. For example, the “Feline PRIDES” instrument described at Section 2.7.3 includes a purchase contract collateralized by a debt security. Again, the debt security is not a contingent convertible note as recited in the claims of the present application. As such, the instrument is unable to provide the same return and other advantages of the present invention.


“Structured Products & Hybrid Securities” provides a detailed summary and review of various structured financial instruments and hybrid securities, including, in the chapter provided by the professional searcher, equity-linked notes, or fixed income securities where the interest coupons and/or principal of the instrument is linked to the movements in equity prices. Each of the securities described in the reference include a fixed income security having some

ability to convert (typically on a mandatory basis) to shares of an underlying equity security. None of the securities include the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application.

Applicants hereby respectfully request a pre-first Office Action interview and allowance of the pending claims. If any issues remain with this letter or the associated Petition, the Patent Office is kindly invited to contact the undersigned via telephone at (203) 972-0081.

Respectfully submitted,

October 28, 2004
Date



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(w/o Preliminary Amendment, IDS, and copies of references)